



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR



KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 625-2249

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

June 15, 2011

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: Mark J. Saladino *for Kelly (for)*
Treasurer and Tax Collector

SUBJECT: 2011-12 TAX AND REVENUE ANTICIPATION NOTES

This memorandum is to advise you that earlier today my office sold \$1.3 billion of Tax and Revenue Anticipation Notes ("TRANs") at a record low weighted average borrowing cost of 0.36%. The 2011-12 TRANs financing was authorized by your Board on May 17, 2011 as a necessary component of the County's cash management program. In order to maximize investor demand and lower the borrowing cost of the TRANs, the County departed from its historical practice of selling a single series of notes with a one-year maturity. Instead, the County issued the 2011-12 TRANs with multiple maturity dates and achieved the following results:

	<u>Par Amount</u>	<u>Maturity Date</u>	<u>Yield</u>
Series A	\$300,000,000	02/29/12	0.32%
Series B	\$500,000,000	03/30/12	0.34%
Series C	\$500,000,000	06/29/12	0.40%

In connection with the sale of the 2011-12 TRANs, the County also received the highest short-term ratings from each of the three major credit rating agencies. Fitch Ratings, Moody's Investors Service, and Standard and Poor's assigned ratings of F1+, MIG 1, and SP-1+, respectively, to the 2011-12 TRANs. Each of the credit rating agencies cited the County's fiscal discipline and conservative cash flow projections as positive factors in making their ratings determinations.

The County's strategy of targeting potential investors with an aggressive marketing campaign and a multiple maturity date structure was highly successful, as over twenty institutional investors submitted orders for the 2011-12 TRANs. Of particular note, the County received credit approval from two highly influential money market funds that had

The Honorable Board of Supervisors
June 15, 2011
Page 2

declined to participate in last year's 2010-11 TRAns sale. By attracting a broad investor base for the current TRAns, my office was able to take advantage of favorable market conditions and lower the County's borrowing cost from 0.85% in Fiscal Year 2010-11 to 0.36% in Fiscal Year 2011-12. The net savings to the County are estimated to be greater than \$4.3 million on an annualized basis.

If you have any questions regarding the sale of the 2011-12 TRAns, please contact me directly or have your staff contact Glenn Byers of my office at 974-7175.

MJS:GB:DB:JP

c: Chief Executive Officer
Auditor-Controller
County Counsel
Executive Officer, Board of Supervisors